Exhibit E

Chesapeake Energy Corporation Earning Call Transcript February 24, 2022

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Chesapeake Energy Corporation (CHK) CEO Nick Dell'Osso on Q4 2021 Results - Earnings Call Transcript

SA Transcripts : : 2/24/2022

Q4: 2022-02-23 Earnings Summary

Slides 10-K

EPS of $2.39 misses by $0.09 | Revenue of $1.79B (134.38% Y/Y) beats by $705.52M

Chesapeake Energy Corporation (NASDAQ:CHK) Q4 2021 Results Conference Call February 24, 2022 9:00 AM ET

Company Participants

Brad Sylvester - VP, IR

Nick Dell'Osso - President, CEO

Mohit Singh - EVP, CFO

Josh Viets - EVP, COO

Conference Call Participants

Charles Meade - Johnson Rice

Doug Leggate - Bank of America

Josh Silverstein - Wolfe Research

Nicholas Pope - Seaport Research

Nitin Kumar - Wells Fargo

Zach Parham - JPMorgan

Operator

Good day, and welcome to the Chesapeake Energy 2021 Fourth Quarter and Full Year Results Teleconference. [Operator Instructions] Please note, this event is being recorded.

I would now like to turn the conference over to Brad Sylvester. Please go ahead.

Brad Sylvester

Thank you, Sarah. Good morning, everyone, and thank you for joining our call today to discuss Chesapeake's fourth quarter and 2021 financial and operating results.

Hopefully, you had a chance to review our press release and the updated investor presentation that we posted to our website yesterday. During this morning's call, we will be making forward-looking statements, which consist of statements that cannot be confirmed by reference to existing information, including statements regarding our beliefs, goals, expectations, forecasts, projections, and future performance, and the assumptions underlying such statements.

Please note that there are a number of factors that will cause actual results to differ materially from our forward-looking statements, including the factors identified and discussed in our press release yesterday and in other SEC filings.

Please recognize that except as required by applicable law, we undertake no duty to update any forward-looking statements, and you should not place undue reliance on such statements.

We may also refer to some non-GAAP financial measures, which help facilitate comparisons across periods and with peers. For any non-GAAP measure we use, a reconciliation to the nearest corresponding GAAP measure can be found on our website.

With me on the call today are Nick Dell'Osso, Mohit Singh and Josh Viets. Nick will give a brief overview of our results, and then we will open up the teleconference to Q&A.

So with that, thank you again, and I will now turn the teleconference over to Nick.

Nick Dell'Osso

Good morning. Thank you for joining our call this morning. We're eager to address your questions, however; before doing so, I want to quickly highlight a few items. First, I'd like to welcome a couple of new members of our executive management team. We have with us Mohit Singh, who's joined from BPX and Josh Viets,

who's joined from Conoco. They're both proven leaders with diverse skill sets that strengthen an already deep and strong team here at Chesapeake.

Additionally, they bring an external perspective from leading organizations that we found valuable immediately as they joined. Many of you have met them already, and for the rest of you, I look forward to you being able to spend time with them in the coming weeks.

I recognize that you're likely most interested to discuss our 2022 outlook. However, I think it's important to highlight how we clarify the strategy of Chesapeake and what we believe will drive attractive returns for shareholders for several years to come.

First, we strengthened our portfolio around great assets with significant inventory of high return drilling locations and have done so while protecting our very strong balance sheet.

Second, we've established a capital allocation program with the implicit discipline of significant return to shareholders annually.

Finally, we prioritized our commitment to deliver reliable, affordable and lower carbon energy solutions to the market through our continued focus on ESG programs.

The events unfolding in Eastern Europe this morning highlight the crucial role our industry can play in the energy security of the globe. Being in a position to do so with as low a carbon footprint as we can is more important than ever.

Our results and transactions pursued in 2021 are great evidence of the early success of this strategy and set us up to continue to deliver sustainable results in future periods. A couple of the most significant highlights from the year -- from the full year 2021 are that we delivered on our capital program. We generated over $1.2 billion in adjusted free cash flow on a $735 million CapEx program. We established, what we believe is, 1 of the most compelling frameworks in the industry to return cash to shareholders through our aggressive dividend and buyback programs.

We'll be paying out over $1.76 per share, consisting of our first variable dividend of $1.33 per common share as well as our base dividend of $0.4375 per common share in March. We announced a $1 billion common stock and repurchase program, which we expect will be executed by year-end '23.

We closed on the Vine acquisition. The integration has begun and continues to go quite well. We remain on target to close the Chief acquisition and the Powder River Basin sale later this quarter. These transactions position us to focus on operational excellence in 2022, a hallmark strength of Chesapeake.

Turning to 2022. We're squarely focused on continuing to demonstrate the sustainable cash flow generating capabilities of the company and returning differential cash to our shareholders.

In the year ahead, we will maintain our disciplined approach to capital allocation across our 3 high-return assets, efficiently generate free cash flow, as we anticipate $1.9 billion to $2.1 billion of cash generated in

2022, which is a 60% increase year-over-year. This illustrates what we mean by our acquisition non-negotiables. The transactions must make us better, not just bigger.

We'll return significant cash to shareholders. We're projected to pay between $900 million and $1.1 billion in total cash dividends. And additionally, we expect material progress on our $1 billion authorized share repurchase. If you assume we execute on half of our repurchase program this year, our combined yield for dividends and repurchases would reach about 18%. I firmly believe the magnitude of our program to return cash to shareholders consistently over time is a critical competitive advantage for our company. We're encouraged with where we sit today, and we look forward to executing our business in the year ahead.

I now welcome your questions.

Question-and-Answer Session

Operator

[Operator Instructions] Our first question comes from Josh Silverstein with Wolfe Research.

Josh Silverstein

Yes. Just wanted to ask a question, Nick, on that the yield you talked about. How flexible are you on the buyback program versus additional dividends maybe to take advantage of some stock dislocations relative to the commodity price? So if you can -- any help there would be great.

Nick Dell'Osso

Sure. So we're really pleased to have that buyback authorization in place. It's pretty large at $1 billion. Pro forma for the Chief transaction, it's going to be in the neighborhood of 10% of our market cap. If we find ourselves with more cash this year than we are currently expecting, I think we'd probably stick with our framework of 50% of cash flow going to the variable dividend, but that would still mean that there's more cash available. So if the question is, would we contemplate increasing our buyback if we find ourselves with more cash than we anticipate, the answer is sure. But we've got plenty to execute on in the near term, and we're going to go get after it.

Josh Silverstein

Got it. And then I know there's been a lot of focus recently on what's going on with the pipelines up in Appalachia. But in the fourth quarter, there was some winding differentials down in Louisiana. Can you just address what's going on there? Whether there's infrastructure concerns there? And now with the growing opportunity to potentially export more LNG from the U.S., if you guys are able to sign up some marketing agreements to go and get exposure to international pricing?

Mohit Singh

Josh, this is Mohit. Thank you for that question. There are 2 parts of your question. Maybe I'll take the second 1 first about the LNG. We are pretty excited about the ability to take some of our molecules and get

them on the water. So we are in active dialogue with different counterparties. Nothing is quite to a stage where we are ready to make an announcement. But I think you'll be pleased to know that we are in active dialogue with several different companies and counterparties that potentially get our gas on the water such that we can get pricing, which is linked to international LNG pricing. So more to come on that.

On the first part of your question around the basis, yes, we did see widening of the basis in the Haynesville in December. And that's similar to what I would say our peers in Haynesville also witnessed. So we weren't unique in that sense. From a pipeline perspective, yes, the CGT had some repair and maintenance going on, but in December, which led to some backup at. But as that pipeline came back on that debottleneck and the volumes were able to move and what we have seen since then is that the basis has normalized. The last thing I would say is we actively monitor it, Josh. And as we opportunities to lock in some basis hedges, we are opportunistically doing that. But thank you for your question.

Operator

Our next question comes from Zach Parham with JPMorgan.

Zach Parham

I guess first, on the buyback. You've clearly got the $1 billion authorization out there. Can you just talk a little bit about how soon you plan to start buying back shares and how you'll allocate capital to the buyback in the near term?

Nick Dell'Osso

Yes, absolutely. So as you might imagine, we announced this buyback program in December. You see that we haven't bought any shares yet. And so pretty much as soon as we announced the buyback program, we found ourselves in possession of material non-public information related to the transactions we announced in January. The possession of MMPI there probably happened a little faster than we anticipated.

And so we didn't get to start on that before year-end. So now as we have announced those transactions, we have the quarter completed, and we are approaching -- we're approaching a time of close of those transactions. We will soon be in a position to have all the information out related to those transactions we need to, so that we can be clear to act in the public markets.

So we've got to get all that done. And as soon as we do, we'll be ready to go. We just have to navigate the rules here, but we're eager to get started.

As far as capital allocation goes to it, I mean we have $1 billion authorized. We've given you some assumptions, both in my comments this morning and in our slides around if half of it were to get done this year, what it means to our yield. There's no reason why it would need to be half or would be limited to half in this calendar year. We will be cognizant of market conditions. We will be cognizant of trading liquidity. We will try to be efficient. And as you might imagine, we also won't be terribly prescriptive publicly ahead of doing what we're going to do. We need to make sure that we approach the market with the appropriate manner that doesn't position trades against us. And so we'll approach it, I think, appropriately, but eagerly.

Zach Parham

That's helpful color. Maybe 1 on Basis. I think there's been some fears in the market on Appalachia basis blowing out, especially with the recent delay of the pipeline. Can you just talk a little bit about your outlook for Basis in Appalachia?

Mohit Singh

Zach, this is Mohit. Yes, I'll try to address that. So as I said before, that's something that we actively monitor. The -- if you recall, when we announced the Chief deal in January, we had talked about some of the synergies, which are coming in from increasing amount of getting our volume out of the basin such that it gets out of basin pricing and get it to better markets. It is overall, as we all know, constrained market. So that's something that we actively monitor as well. What gives us most hope and maybe I'll pivot around to is just the quality of the asset is so good that even at the kind of prices and the net netbacks that we have, we are realizing some very, very attractive economics.

The plan is to just run the asset. Obviously, we won't be growing it too much, because it's constrained. But the basis, we keep monitoring it. And to the extent we can try to get some physical and financial hedges in place to protect ourselves.

Zach Parham

Just 1 quick follow-up. One of your peers in Appalachia guided last night that they'll be allowing their Northeast Appalachia production to fall slightly this year. How do you think about filling that gap of capacity there?

Nick Dell'Osso

Yes. Zach, this is Nick. We have great assets, and we consistently point out that this asset is the highest return asset in our portfolio. And so what you've seen us do over the last couple of years is, as there's been market capacity, we've been willing to fill it. Should that continue to play out, we would look to do the same thing. We talked about when we announced the Chief transaction that we expect to be able to deliver more volumes out of the combined base assets of Chief and Chesapeake, given the way that we will be able to manage pressure across the joint gathering system.

So if there are other volumes declining in the basin, we welcome having access to more market. We generally believe that the market should be filled by Marcellus volumes before any others, just if you think about the supply stack. And so we own a lot of it. And if there's an opportunity to do so, we'll continue to do that. I think we can probably do it with the CapEx program we have in place and might just be able to accelerate how we think about those incremental volumes. But if there became an opportunity in the future to grow volumes in that basin, we would be eager to do so.

Operator

Our next question comes from Doug Leggate with Bank of America.

Doug Leggate

Post Chief, what is the inventory depth for the portfolio? We know we're in a depleting business with a finite inventory. Your ex-growth, I guess, strategy as it stands today, what do you think that sustainable inventory that looks like when everything is cleaned up after the deal is closed?

Nick Dell'Osso

Doug, so yes, our inventory depth is really pretty attractive. In the Marcellus and Haynesville, we have quite a lot of acreage, tremendous rates of return, and a pretty robust, very long inventory. Obviously, it's super dependent on how many rigs you run. But at the current pace, that inventory is going to be quite a bit far out into the model, certainly in the decade range and a little longer. On the Eagle Ford, as we think about allocating capital across what was our Brazos Valley and our South Texas positions, as 1 broad Eagle Ford position, that inventory is quite long as well.

There's a number of things that we've talked about doing in the near term that we believe are going to enhance that inventory over time, such as the Austin Chalk and proving out some of the spacing in what was the Brazos Valley area. But that also is an inventory that should approach 10 years as well. So we feel really good about the length of inventory we have in our portfolio. We've obviously just added quite a bit of inventory with both the Vine and the Chief transactions. And think that we have a very sustainable model for a long period of time here around the cash flow generating capabilities that we're putting out.

Doug Leggate

Okay. So basically a decade plus is how we should be thinking about it?

Nick Dell'Osso

That's correct.

Doug Leggate

Okay. So 5 years from now, you've got 5 years of inventory. And 5 years from now, you're talking about having paid out $5 billion in dividends. It's the easiest way to destroy value, Nick. Why are you doing that?

Nick Dell'Osso

So I think, Doug, we've talked about this quite a bit. And our dividend program, we believe, is important to return cash to shareholders, particularly in times where like right now, you have pretty robust commodity prices that are generating cash flows well above where you believe you should invest. We've shown a willingness to consolidate more inventory into the portfolio, and we've shown that we can do that in a pretty efficient manner with our capital structure. We did 1 with mostly equity. We did another with a lot of cash.

We think that the cash flow profile that we have, as a company, has plenty of room for continuing to do things like that when they make sense, when they meet our non-negotiables and after we've digested these 2

transactions. So I don't think that our dividend approach runs counter to a strategy that results in a sustainable business over a long period of time.

Doug Leggate

I wasn't referring to M&A opportunities, Nick. I was talking about, but -- I realize your bankruptcy sponsors want to get some money back. But if you really believe there's a dislocation in your stock, a variable distribution very much pays the short-term holders. It does not pay new equity holders looking to exploit what you have said in the past, is an undervalued stock. Yesterday, Range Resources was up 13% on a buyback announcement. How long will it take you in terms of whether the market recognizes your strategy or not in terms of cash returns, would you consider pivoting how long will it take you to pivot? Because if you really believe your stock is cheap, that $5 billion could buy back a heck of a lot of stock.

Nick Dell'Osso

Yes. I think it's a fair question, Doug. I mean we've said all along that we believed in all of the above approach here made sense. And if shareholders are not benefited from what we're doing, then we would pivot in the future. Just like we said on the last call, when we discussed this, the first variable dividend hasn't hit people's accounts yet. We just announced it today. We'd like to see that play out. We've had a lot of conversations with shareholders around this topic, and there is a real appetite to see cash dividends. And we believe that it does help to have the all of the above approach.

I mean we do have a buyback authorized that, again, pro forma for the Chief transaction is about 10% of our market cap. So we certainly agree with you the buybacks play a really important role here. And if returns are not being maximized through a combination program or through the weighting we have of dividends and buybacks, would we consider changing that in the future? Sure, of course. But we feel pretty committed to the strategy we have today. So we're going to go down that path and then if things need to change, they'll change.

Operator

Our next question comes from Nitin Kumar with Wells Fargo.

Nitin Kumar

The first 1 is around the hedging strategy. You noticed that you added some hedges both for oil and gas. Nick or Mohit, maybe talk a little bit about how do you see hedging in your longer-term plans?

Nick Dell'Osso

Nitin, this is Nick. So yes, we think about hedging, as I've described before, as important to underpinning the capital program. As we talk about, we have a pretty large capital program in a capital-intensive business like this. The midpoint of our CapEx guidance for 2022 is $1.65 billion. And so we expect a pretty robust return on that capital program. We don't set our budgets with a view on only the strip. We know that there's volatility, and we plan for that volatility. But it's great to be able to underpin the return profile of that capital

program through a hedge -- through a set of hedges that allow you to know you have some downside protection to the money you're putting out.

There's always a big lag when you decide to drill a well until you actually see the benefit of that well-being online generating revenue. And a lot can happen during that lag time. And so derisking the return profile of each of those capital decisions is absolutely how we think about our hedging program. One of the things you've seen us do over the last year that we think is evidence of our balance sheet strength in a really positive way, is used a lot more collars. And the SKU around collars has been pretty attractive. And so you see that the hedges we've added have been primarily collars, and we think provide certainly plenty of protection on the floor side with some nice exposure to the upside as well.

Nitin Kumar

That's very helpful. My other question is a little bit around service cost inflation. We noticed -- it's a 2-part question. One, we saw some things in the Eagle Ford and Haynesville where you did raise costs compared to last year. And if you can talk a little bit about what items specifically, you're seeing the inflation on? And whether you think those are more permanent changes to the cost structure or maybe just a little bit driven by the current economic reopening?

And then the second part is in the Appalachia well costs were pretty flat, if not down actually. So what's going on out there?

Josh Viets

Yes. This is Josh. I think in general, if we look at year-over-year cost, we're seeing roughly 12% inflation across the board from 2021 into 2022. Most of this cost inflation, I would say by and large, we see in pressure pumping sand itself and then sand logistics. We do feel like we have some protection within our contracting strategy, where we were able to lock in a good majority, about 85% of our capital is tied to existing contracts. And so we do feel like there will be some pricing protection as we work through the year.

Now as you've seen, we have baked in some inflation into our budgets. Most of that is captured in our current estimates, and we've left a little bit in reserve as well with anticipation that we see a little bit more inflation. Specifically, we think that inflation is going to come from OCTG, labor and also trucking.

To your question there about the Marcellus, one of the things that I think is important to point out is that we do, in fact, have some of the best acreage in the Marcellus. And what that affords us is to rightsize completion designs. So really, there's a couple of things that play there. First is, we have a long-term contract with our pumping provider, which again I think is providing us some with offsetting a little bit of inflation. And then also with the right size of the completions, we feel like that's going to again afford us an opportunity to manage cost. And then maybe just the last point is our average lateral length is going to be up by about 500 feet on the year-over-year, which again is helping to balance the cost per foot metric.

Operator

Our next question comes from Nicholas Pope with Seaport Research.

Nicholas Pope

I was hoping that you guys could talk a little bit about the Eagle Ford. Can you combine and how you're kind of presenting things, the Brazos and South Texas, the Eagle Ford? I was hoping you could talk a little bit about what the focus is going to be in terms of where you're going to be drilling? And -- maybe -- and you mentioned it in response to Doug, I think the Austin Chalk is still a part of kind of what you're looking to kind of expand and try to understand a little better. I guess what are you going to be looking at in 2022? And kind of maybe what are the mile markers we should be looking for there?

Josh Viets

Yes. Thanks for the question. This is Josh again. Let me maybe just provide a little bit of color on our plans for this year. And as I talk about the Eagle Ford, maybe start in South Texas with the asset there. Right now, we have plans to drill right around 60 wells within that program. 50 of those are going to be targeting the Lower Eagle Ford, that's a play we definitely understand, we very much like the returns well over 100% rate of return on the economics there.

And then in addition to that, the remaining 10 is going to be targeting the Austin Chalk. And really, what we're hoping to achieve there is with some targeted tests that allows us to assess spacing as well as completion designs. And what that positions us to do is we look at the next year or two, is really as we get into a full-scale development of the Austin Chalk, we go in optimal. And that's what we're hoping to achieve. And that's why you see the overall balance of well mix there.

Now as you move up into the Brazos, maybe just a little bit different story. We have 10 to 12 wells that we'll drill in that area. The majority of them, over 80% are going to be targeting lower Eagle Ford. Really, the game that we're playing is we want to enhance returns within that. We want that to be competitive with the rest of the portfolio. And what that's leading us to is a little bit wider spacing. So we'll be drilling wells at about 2,000 feet inter-well spacing. Again, we think that's going to only enhance the competitiveness of that within the portfolio.

We also have a couple of wells planned within the Austin Chalk within the Brazos Valley area up in the northeastern part of the play. We see that play starting to mature a little bit with some pretty interesting partner-operated wells that we actually participated in the last year. So that will give us some more data points and even potentially expand our inventory as we think about the future Brazos Valley development.

Nicholas Pope

That's actually very helpful. And I'm also curious, I mean, as you look at kind of simplifying the operational structure, you got 3 big assets now, 2 have had big acquisitions in the last 8 months -- last year. I guess what does the opportunity set look like in Eagle Ford potential consolidation? It seems like it's been a little bit slower than the rest of the U.S. basins for M&A. I'm curious what that -- what -- how you all view kind of the potential or opportunity set for M&A in Eagle Ford?

Nick Dell'Osso

Sure. So there's a fair amount being talked about in that basin as there are in really all basins. There's a big disparity, I would say, across the basin in the maturity of what's left to develop. And that matters as we think about what could make us better, not just bigger, what meets our non-negotiables. You have to be able to think about consolidation as something where we could really improve our portfolio and improve our ability to create returns for shareholders over time. So I don't know that there's anything immediate for us in the Eagle Ford. There could be. And we'll pay attention to that, just like we will continue to pay attention in the Marcellus and the Haynesville. We continue to say that we think consolidation is an important trend in this industry and will continue.

We've also said that at the moment, we're focused on digesting the 2 acquisitions we've done. So that's where our attention is today. But I think there could be potential for consolidation in the Eagle Ford as well. It would need to meet our non-negotiables. And there's probably some stuff out there that could, but it may take a little bit of time still to come together.

Operator

Our next question comes from Charles Meade with Johnson Rice.

Charles Meade

I wanted to pick up on that thread that you just dropped off. On your call for the cheap deal. I remember you saying that you were pushing back from the M&A table and it sounds like you're still in that mode. But on the other side of that, your response to Doug Leggate's question, you mentioned that M&A is going to be part of your longer-term strategy. So how long are you thinking that you are going to be pushed back from that table? And what are the conditions that would get you back on your front foot when you're looking at the M&A market?

Nick Dell'Osso

Sure. Well, it's only been 3 weeks since we said that. So we haven't made a whole lot of progress on how we think about it in 3 short weeks. But I mean, we said we wanted to be really focused on integration. And that's going to take some period of time, Charles. And it's a little hard to predict exactly how long that takes. The integration of Vine is going extremely well. Our teams are engaged in what now we have a bit of a process around both operationally.

We took over operations day 1, and that went great. We are working the back-office integration quickly and efficiently. Those things take a lot of time and devotion of resources, and you want to make sure you get them right, because if you don't, they can impact how you run your business for a very long time.

And so it's going great, and we're doing all of the planning work ahead of closing Chief, ready to hit the ground running on the integration of that business as soon as it closes. So we've got a lot of resources devoted to integration at the moment, and we have some pretty big expectations about what that integration will yield to us in the way of creating value through that consolidation.

So that's where our attention is at the moment. The non-negotiables are real and they matter in how you would think about future transactions. And I guess 1 way to say it is that they create a high bar, but when you're in the middle of integrating to others, that bar probably moves even higher.

So how long it will take us is really a function of what becomes available that would meet those non-negotiables and where we sit along the path of integration. We may never do another deal. There's no need to do another deal. All that we want to continue to communicate is that we've seen value and the consolidation that we've pursued so far. And we don't foreclose that, that may not be possible in future transactions. But it takes a lot of very specific circumstances for that to be true. And if it becomes true again, then we'll move. And if it doesn't, then we'll continue to execute on what we have.

Charles Meade

Thanks for that elaboration, Nick. And then I'd like to ask a question about the -- about your buyback approach, but maybe from a different angle. With the Chief closure, you're going to have $2 billion go out the door as part of that consideration. Is there a debt target that you want to get to before you -- working down some of that net debt balance before you embark on a big step up in -- or I guess, really an initiation of the buyback program?

Mohit Singh

Charles, this is Mohit. I'll take that. So we publicly said 1 of our non-negotiables is that the net debt-to-EBITDAX target should stay below 1 turn. And that's a pretty firm boundary condition. That's how we monitor it. And even when we did the Chief deal, you're right that $2 billion is going out the door, because that's the cash part of the consideration. But we stressed our financials at different price decks and looked at the liquidity situation and debt metrics. And we felt pretty comfortable paying that amount of cash, because obviously, we had cash on the balance sheet and then there's cash coming in from the Powder divestment, which helps pay for some of it.

Overall, the target, I think the way you should think about it is the 1 turn of net debt-to-EBITDAX is our pretty firm boundary condition. And that's how we look at it.

Nick Dell'Osso

But to be clear, Charles, we're -- on a pro forma basis, at closing, we're well below, so we can start the buyback program right away.

Operator

This concludes our question-and-answer session. I would like to turn the conference back over to Nick Dell'Osso for any closing comments.

Nick Dell'Osso

Great. Thank you, Sarah, and thanks for joining our call this morning. We look forward to 2022 where we plan to have an Analyst Day and we'll go into a deeper dive on the technical details of each of our assets and their ability to drive returns over a long period of time.

To be successful in today's market, I believe an E&P company must consistently demonstrate 3 things: a portfolio of high-return assets with scale that matters, and ability to generate sustainable free cash flow and return it to shareholders, and a commitment to ESG excellence.

Chesapeake answers the call for what the market demands today. We have the team, portfolio and strategy to deliver differential value in the years ahead, and I look forward to continuing to update you on our progress. Have a good morning.

Operator

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

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